



## Market and Trade Data

### Caribbean Proves a Solid Market for U.S. Wood Products

*By Carlos Suarez, Sylburn Thomas and Joanna Apergis*

Most Caribbean countries rely on imports to supply their forest product needs. Limited production, along with demand drivers such as developing economies, housing, tourism and the need for reconstruction in the wake of natural disasters, are pushing imports of U.S. forest products to record highs in many of these countries, making some of them top U.S. markets.

Many Caribbean islands import softwood and treated lumber for construction. According to industry sources, 65 percent of the softwood and treated lumber is used in the construction of new facilities, particularly in larger countries.

The imported softwood lumber of choice is southern yellow pine. Large-scale developers prefer it over other solid wood products. The construction sector uses southern yellow pine plywood mainly in forms for casting concrete. It is also used for roof structure supports and small, temporary housing in rural areas. It is used extensively in less expensive housing interiors and for furniture and cabinetry.

Most Caribbean countries have no restrictions on wood imports, except for individual phytosanitary requirements. Tariffs, taxes and fees vary from country to country.

#### The Dominican Republic

**Production Profile:** This country has limited forest resources and a national ban on logging.

**Factors Fueling Demand:** The Dominican Republic has a developing economy and has also experienced several hurricanes in recent years, making it an important wood importer. Construction projects, which use mainly softwood and plywood, occupy an important role in Dominican economy. Despite high interest rates (18-20 percent), 60 percent of construction is privately financed; the rest is government projects. Most urban buildings are made primarily of cement, while wood is used extensively in roof bases (joists for tin roofing), doors, windows, kitchen and bathroom cabinets and furniture.

Use of hardwoods other than mahogany is not significant. Although there is great potential in using less expensive hardwoods, little has been done to explore and expand it.

**Trade:** The Dominican Republic has no restrictions on wood imports. Softwood, hardwood and plywood have a basic tariff of 3 percent. Additional taxes include a 16-percent value-added tax and a 5-percent foreign exchange fee.

Major importers indicate that the Dominican Republic's wood market consists of 20 percent hardwood (mostly mahogany and cedar), 14 percent panel products (plywood) and 66 percent softwood lumber (pine). The hardwood market is evenly divided between Brazil and Peru. The softwood market is dominated by the United States, with minimal competition from South and Central America. In the panel market, the United States holds a 25-percent share, with strong competition from less expensive products from Brazil, China and Taiwan.

#### Jamaica

**Production Profile:** This country has negligible commercial production or harvest of forest products, due largely to a lack of private interest in commercial forestry and the inaccessibility of the national forest reserves. Moreover, low-yield and low-demand species comprise most of Jamaica's forests.

However, as part of a sustainable forestry development plan, Jamaica's Forestry Department and the National Forestry Conservancy are encouraging private investments and international donations to establish forests, mainly teak, mahogany and Caribbean cedar. It is estimated that over the next seven years, approximately 5,000 ha (1 hectare = 2.471 acres) of

commercial forests will be added to the national reserves, and that commercial products will arrive on the domestic market about 2012.

**Factors Fueling Demand:** Jamaica has had an upturn in its economy. Its growing construction sector will likely continue to expand as falling interest rates and increasing foreign direct investment help stoke demand for commercial and residential buildings and civil works projects. Generally these projects consume a reasonable volume of softwood and plywood products. A significant proportion of the increasing foreign direct investment in Jamaica is channeled into bauxite plants and hotel and resort construction. Government projects, including air- and seaport expansion, highways and other civil construction projects, are also contributing to construction sector growth.

Jamaican government agencies operate several programs to support the development of affordable housing for the large middle- and lower income segments of the population. Jamaica's central bank has gradually reduced interest rates, sparking investors' interest in the real estate market, particularly housing. Other financial institutions have been aggressively marketing their loan and mortgage products to retail customers to offset declining interest profits.

The increased availability of financing has helped renew the buoyancy of the real estate market. Housing starts, especially in the middle- to higher end of the market, are projected to increase over the medium term, eclipsing the 1995 peak by 2006-2007. However, a sizeable proportion of the population, typically with unstable employment, does not have access to mortgages and relies on remittances and state aid to finance construction.

While the proportion of wooden homes in the upper income segments of the population is relatively small, these segments are the heaviest users of wood products in interior and exterior design (roofs, floors, windows, doors, rails and decks). Conversely, lower income housing makes greater use of treated softwoods and plywood in outer walls and roofs. Since most houses in Jamaica have wooden roofs, doors, and windows, the demand for such products will grow proportionately with the residential sector.

In Jamaica's hotel construction segment, hardwood products are used extensively in interior design and decoration. Softwood (plywood and form wood) is used during building. Rapid expansion in the Jamaican hotel sector and continued renovation of existing properties will create a respectable demand for both hardwood and softwood products over the short to medium term.

**Trade:** Jamaica imports plywood and veneer, softwoods and hardwoods. The U.S. share of the Jamaican plywood and softwood markets has declined over the last three years, largely because of sharp increases in plywood and veneer from Brazil and softwood from Honduras. However, the United States is a dominant player in the much smaller hardwood segment.

## The Lesser Antilles and the Bahamas

**Factors Fueling Demand:** These islands' wood product imports vary widely from year to year. Large housing developments and resort construction account for some of the variation. However, the principal factor in the variability is the reconstruction efforts that take place after a major hurricane has passed through an island.

Plywood demand is directly related to the hurricane season, extending from June through November. Importers usually stock up in anticipation of island residents' purchases of plywood to board up windows just before a storm is forecast to pass through.

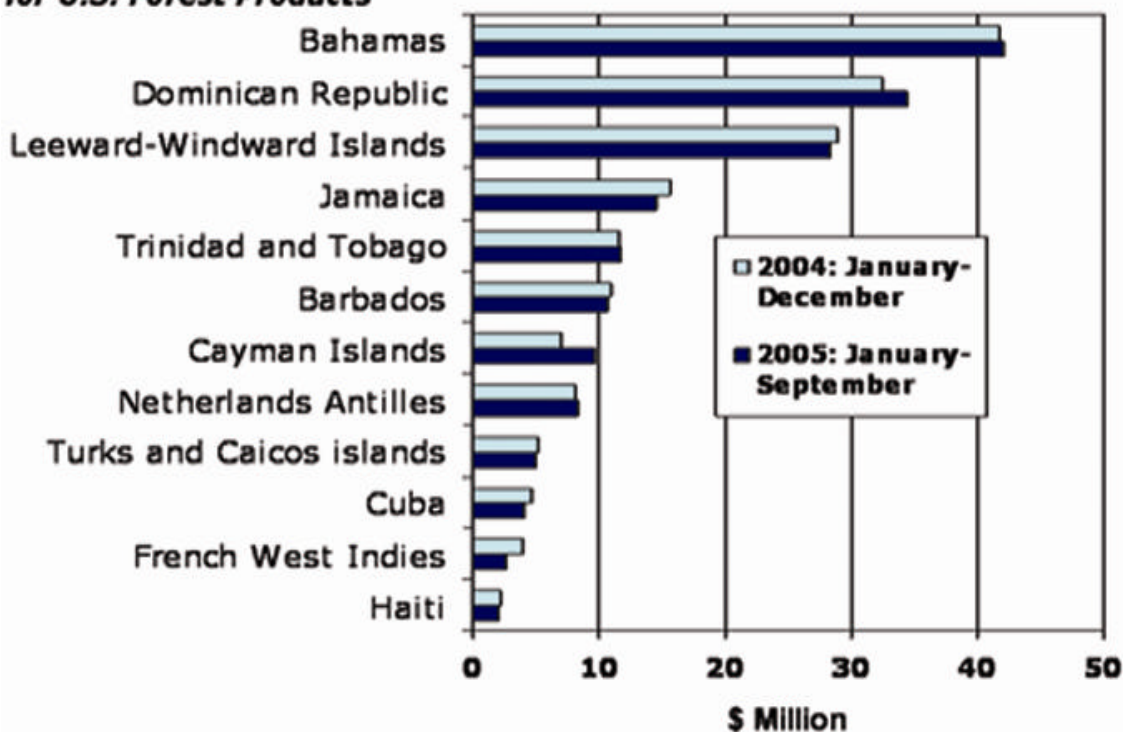
Solid wood importers in the Lesser Antilles and the Bahamas buy products mainly from consolidators in South Florida. They prefer to obtain supplies from United States, particularly Florida, because of its proximity to many of the islands, which makes importing U.S. products simpler and less expensive.

Large development projects, including the construction of resorts, hotels and condominiums, have boomed in recent years. Although development on some islands has leveled off, the housing and lodging industries on other islands, such as Turks and Caicos, are gaining momentum. Moreover, refurbishment and reconstruction of buildings help to ensure a long-term market for softwood and solid wood products.

The Bahamas is an important U.S. wood market, and currently imports practically all of its softwood lumber and plywood from the United States. The country's stable economy and ongoing resort development, along with the stable supply and quality of U.S. products, are the reasons behind this success.

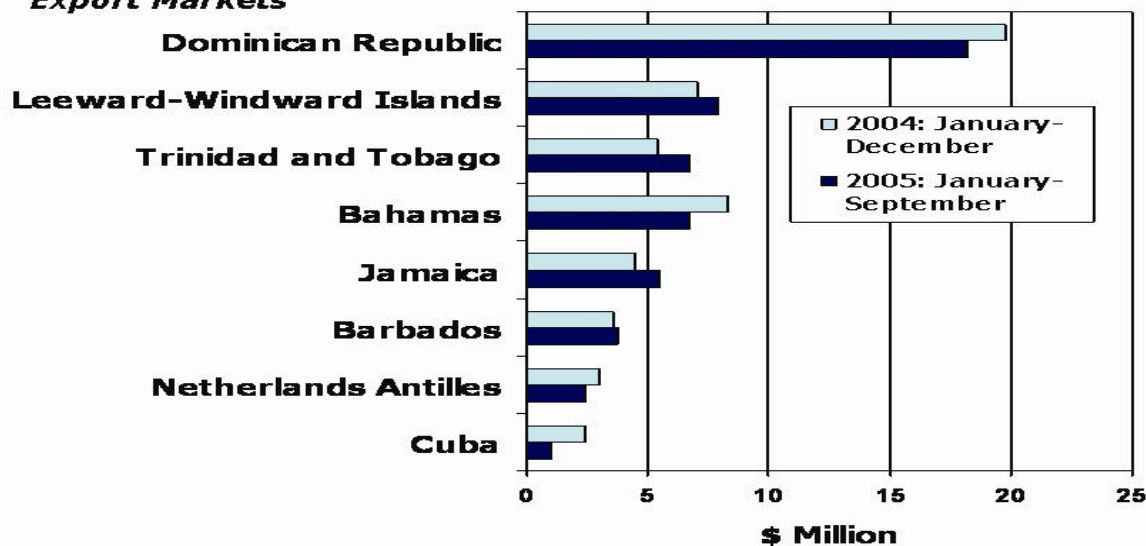
Even countries further south, such as Saint Lucia, still import substantial percentages of their softwood lumber plywood from the United States. Competing products from Honduras and Brazil have entered these countries as well, but the reliability and high quality of U.S. products are keeping these markets accessible.

**In the First Three Quarters of 2005, U.S. Forest Products Surpassed Total 2004 Sales in Many Caribbean Markets**  
*All 2005 Figures Show Gains Over the Same Period in 2004, and Total Annual Sales Appear On Track To Exceed 2004 Levels*  
**Caribbean Countries Make Up Some of the Largest World Markets for U.S. Forest Products**

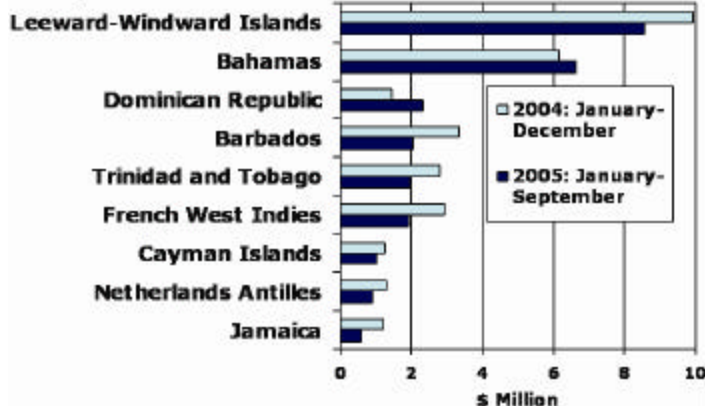


**U.S. Softwood Lumber Is Making Sizeable Gains in Many Caribbean Countries**

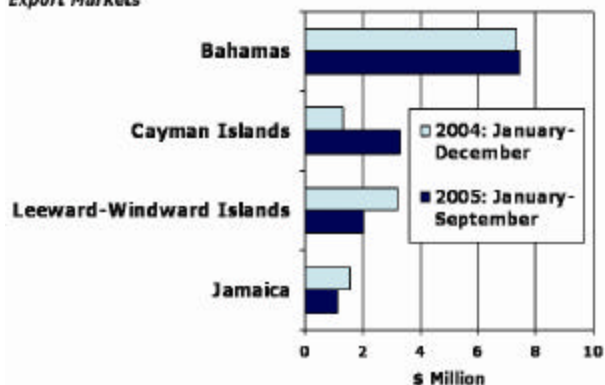
*Total 2005 Sales Are Likely To Beat Those of 2004 in Several Markets*  
**Caribbean Countries Make Up 8 of the Top 20 U.S. Export Markets**



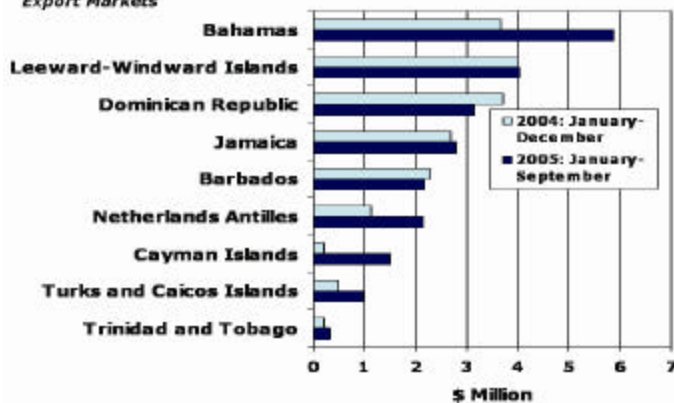
**U.S. Softwood Plywood Is Showing Strong Sales in Several Countries**  
*Caribbean Countries Make Up 9 of the Top 20 U.S. Export Markets*



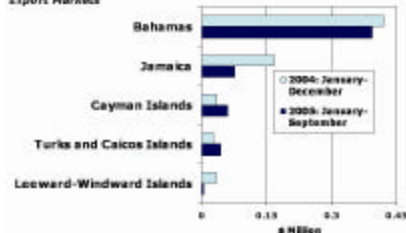
**U.S. Builders Carpentry Is Making Big Gains in Some Countries**  
*Caribbean Countries Make Up 4 of the Top 20 U.S. Export Markets*



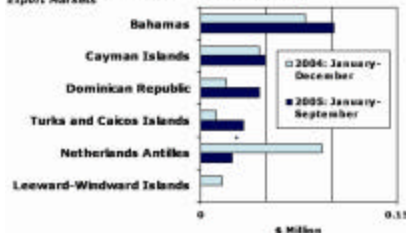
**U.S. Treated Lumber Sales for January-September 2005 Have Already Beaten Total 2004 Sales in Several Markets**  
*Caribbean Countries Make Up 9 of the Top 20 U.S. Export Markets*



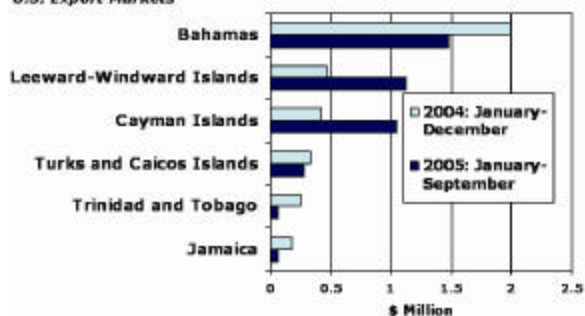
**U.S. Softwood Molding Is Making Sizeable Gains in Some Markets**  
*Caribbean Countries Account for 5 of the Top 20 U.S. Export Markets*



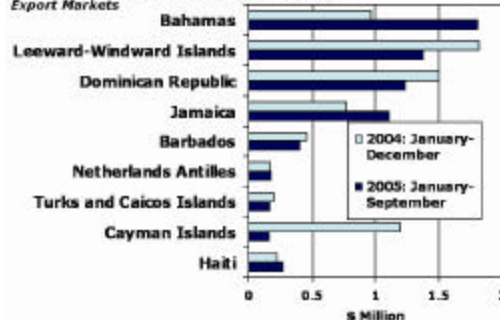
**U.S. Hardwood Molding Is Showing Some Big Gains, Too**  
*Caribbean Countries Make Up 6 of the Top 20 U.S. Export Markets*



**U.S. Hardwood Plywood Is Showing Some Strong Sales**  
*Caribbean Countries Make Up 6 of the Top 20 U.S. Export Markets*



**U.S. Poles Are Also Doing Well**  
*2005 Sales Have Exceeded Those of 2004 in Several Countries or Are About To Do So*  
*Caribbean Countries Are 9 of the Top 20 U.S. Export Markets*





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*For more information on Caribbean markets, visit these offices' Web sites:*

*FAS Office of Agricultural Affairs, Santo Domingo, Dominican Republic:  
<http://www.usemb.gov.do/FAS/fasindex.htm>*

*FAS Office of Agricultural Affairs Kingston, Jamaica: <http://www.usemb.gov.do/FAS/fasindex.htm>*

*Caribbean Basin Agricultural Trade Office: <http://www.cbato.fas.usda.gov>*

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